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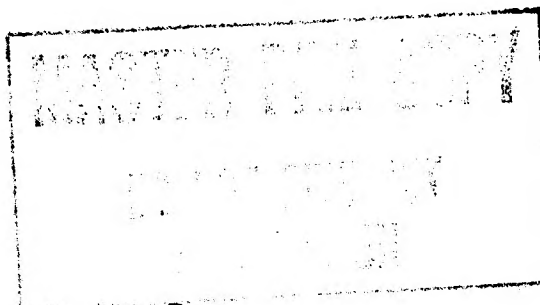
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# LDC Countertrade: A Preliminary Look at a Growing Phenomenon

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An Intelligence Assessment

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GI 84-10192  
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# **LDC Countertrade: A Preliminary Look at a Growing Phenomenon**

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**An Intelligence Assessment**

This paper was prepared by [redacted]  
Office of Global Issues. Comments and queries are  
welcome and may be directed to the Chief,  
International Trade Branch, OGI, [redacted]

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*GI 84-10192  
November 1984*

**LDC Countertrade:  
A Preliminary Look at a  
Growing Phenomenon**

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**Key Judgments**

*Information available  
as of 5 October 1984  
was used in this report.*

The financial problems besetting the less developed countries have led an increasing number of them to turn to countertrade. By linking the purchase of imports to the sale of their goods, developing countries have tried to circumvent their foreign exchange and trade financing constraints. Many LDCs also view countertrade as a way of expanding their overseas sales of nontraditional exports, particularly manufactures, through reliance on the marketing expertise of Western firms. It also offers a way to disguise the discounting of their exports, which in turn enables them to undercut prices set by international commodity agreements and conceal the dumping of surplus goods.

Most of the recent growth in LDC countertrade activity has occurred with other developing countries and with Western industrial countries, rather than with the Soviet Bloc. In our judgment, countertrade probably has not increased as a share of LDC-Soviet Bloc trade, in part, because some developing countries have had difficulty identifying Bloc products they want to purchase in exchange for their goods. On the basis of studies conducted by the OECD, GATT, and others, we estimate that countertrade now accounts for as much as 10 percent of LDC trade, about \$50 billion a year.

Despite the perceived benefits of countertrade, the complexity of negotiating and executing countertrade deals makes them far more costly than conventional transactions. Government intervention and the politicizing of trade make countertrade even less economically efficient. Except for instances where new export markets are opened up, countertrade may actually lead to a net loss of foreign exchange since, in many instances, goods sold in countertrade deals merely replace traditional cash exports while, at the same time, the LDCs purchase higher priced imports.

In our judgment, the future expansion of countertrade will depend heavily on whether LDCs fully grasp its limited gains and high costs. Some LDCs engaged in countertrade are already disenchanted with it. Nevertheless, there still is a danger that countertrade could become a structural form of trade in LDCs as it is in the Soviet Bloc. If so, the use of a costly practice such as countertrade will make LDCs worse off economically in the long run since LDCs implicitly require more exports to pay for a given level of imports in a countertrade deal than they would through conventional trade.

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In addition, the bilateral nature of countertrade poses a threat to the multilateral free trade system in which the United States has a major stake. Success in imposing countertrade on Western firms could foster even greater government involvement in international trade and renewed growth of bilateralism. Furthermore, US firms potentially could lose market shares to more experienced countertraders in Western Europe and Japan, while remaining vulnerable to disguised dumping of surplus goods by LDCs.

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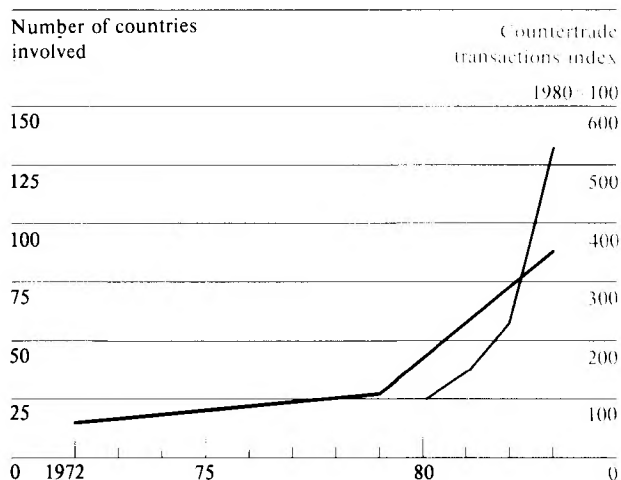
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**Figure 1**  
**The Growth of Countertrade, 1972-83**



Source: A survey of US firms conducted by the National Foreign Trade Council.

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**Table 1**  
**LDCs Involved in Countertrade <sup>a</sup>**

Year	India
1972	
1979	Argentina, Brazil, Colombia, Ecuador, India, Iran, Iraq, Libya, Uruguay
1983	Algeria, Angola, Argentina, Bangladesh, Brazil, Burma, Cameroon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Honduras, Hong Kong, Indonesia, India, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Liberia, Libya, Malaysia, Mexico, Morocco, Mozambique, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Togo, Trinidad, Tunisia, Uganda, Burkina, Uruguay, Venezuela, Zaire, Zambia, Zimbabwe

<sup>a</sup> Based on information obtained by the National Foreign Trade Council. This information was obtained through a survey of US firms.

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## LDC Countertrade: A Preliminary Look at a Growing Phenomenon

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### Recent Trends in LDC Countertrade

After remaining very low in the 1970s, the use of countertrade by less developed countries has grown substantially in the 1980s. According to private surveys of US firms taken last year, more than 50 LDCs were involved in countertrade, up from fewer than 10 in 1979 (see table 1). According to our estimates, as much as 10 percent of LDC exports may involve some form of countertrade, and we believe most of this has come about in the last five years (see appendix).

Most of this growth in LDC countertrade has occurred among LDCs and with the industrial countries rather than with the Soviet Bloc. On the basis of OECD and GATT<sup>1</sup> studies, we estimate that at most 4 percent of the \$300 billion in LDC exports to the industrial West are linked to countertrade deals, while some \$30 billion, 20 percent of intra-LDC trade, involves countertrade. Trade with the Soviet Bloc still involves the most countertrade—about 30 percent of LDC exports, or \$7 billion, according to the OECD, but this share probably has remained unchanged or declined slightly in recent years. A reduction in the number of bilateral trade agreements and mounting LDC dissatisfaction with previous countertrade deals with Soviet Bloc countries largely explain this latter trend.

Most countertrade deals with Western companies have involved the export of basic commodities by the LDCs. For example, the press has reported that Jamaica has concluded a three-year agreement with the General Motors Corporation exchanging refined bauxite for motor vehicles. Kingston also bartered alumina for Chrysler automobiles. According to private surveys, the LDC products most commonly used in countertrade are cotton, coffee, sugar, rice, iron ore, bauxite, rubber, and oil.

According to US Embassy and open source reporting, nearly all OPEC oil producers have used or have discussed using oil in countertrade deals, possibly to

<sup>1</sup> Organization for Economic Cooperation and Development (OECD); General Agreement on Tariffs and Trade (GATT).

### Defining Countertrade

*Countertrade describes trade practices where the flow of goods and services is linked, or countered, by a flow of goods and services in the opposite direction. Countertrade can take many forms, including barter, counterpurchase, buy-backs, and offsets. Although usage of these terms varies, in general they are defined as follows:*

- **Barter** involves the direct exchange of goods without the use of any currency. The oldest form of trade, it is now rare in its pure form and occurs mainly between governments.
- In a **counterpurchase** transaction the exporter agrees to purchase products back from the importer up to and sometimes even exceeding the amount of the sale. Normally, foreign exchange is involved. There are two separate but linked transactions, each paid for in cash. This appears to be the most rapidly growing form of countertrade.
- **Buy-back** arrangements, sometimes referred to as compensation, occur when an exporter agrees to supply technology or plant equipment to be paid for with products produced from that plant, usually over a period of years.
- **Offsets** generally involve military or aerospace deals where the seller enters into coproduction, licensing, direct investment, or subcontracting in the purchasing country.

*Counterpurchase and barter relate mainly to commercial transactions, while buy-backs and offsets are longer term arrangements most often associated with industrial contracts.*

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### Countertrade Deals With the Soviet Bloc

The OECD estimates that as much as 30 percent of the trade conducted between LDCs and the Soviet Bloc involves countertrade. This would amount to about \$7 billion of LDC exports last year. The most important countertrade arrangement involves Soviet acceptance of OPEC oil in lieu of cash payments for some arms sales. Libya, for instance, according to open sources, has an oil barter accord with the Soviets whereby the Libyans provide oil in payment for Soviet military equipment and other manufactured products. Since 1983, Moscow also has accepted oil in payment for its weapon exports to Iraq. According to Embassy sources the USSR received approximately 37,000 b/d of Iraqi crude oil in 1983 in return for arms. For Moscow, these arrangements almost certainly are a second-best solution, but, given the financial constraints faced by these countries, payment in commodities may be preferable to delayed cash payments.

Beyond OPEC, the USSR and other Soviet Bloc countries have initiated a number of countertrade agreements with LDCs:

- **India**, in addition to goods traded under bilateral clearing account agreements, occasionally swaps rice and other agricultural commodities for Soviet oil.
- The Soviets have a seven-year contract with **Jamaica** to exchange Lada automobiles and other goods for Jamaican bauxite, according to US Embassy reporting.
- The press has reported on Soviet assistance in the development of a phosphate deposit in **Morocco**, which is being repaid in phosphate rock. When Morocco's shipments exceed specified amounts, it receives Soviet oil, timber, potash, and nitrogen fertilizers. Morocco also has a \$50 million credit

facility with Czechoslovakia for machinery and equipment, which is to be repaid with phosphate rock.

The deals struck between the Soviet Bloc countries and LDCs appear to have been driven by commercial motivations rather than political factors. Many East European nations, in fact, have turned to countertrade for the same reason—a lack of hard currency—that has contributed to the rise in countertrade among debt-troubled LDCs. While the countertrade deals have afforded the Eastern Bloc countries an opportunity to enhance their economic ties with certain LDCs, they probably will not provide the Soviet Bloc much political leverage or access to restricted technology. Few non-Socialist LDCs are heavily dependent on Soviet Bloc trade or, for the present at least, have strategic technology to offer the Soviets. Moreover, according to East-West trade specialists, Soviet Bloc countries pay cash for highly sought-after goods rather than attempting to use countertrade.

Many LDCs have expressed dissatisfaction with past countertrade deals with Soviet Bloc countries. In some cases, LDCs have been unable to identify products they want to buy in exchange for their goods. Malaysia, for example, has had problems trading with Romania for this reason. According to US Embassy reporting, Romania had wanted to purchase 5,000 metric tons of Malaysian tin on barter terms earlier this year, but the Malaysians were expected to turn down the deal because of difficulties in identifying Romanian goods for barter. Last year the Malaysians agreed to buy urea from Romania in exchange for crude petroleum. According to diplomatic reporting, the urea shipment arrived nine months late and was short-weighted 20 percent. Similar problems with Soviet Bloc countries have been reported by Ethiopia, Zambia, and Zimbabwe.

circumvent price agreements and quotas. For example, according to press sources, the recent Saudi-Boeing-Rolls-Royce barter deal for 10 747s apparently provides hefty commissions and an implicit oil price discount arranged by shipping oil far ahead of the aircraft delivery. Iran, Iraq, Libya, and Algeria

are frequently cited in the press as bartering oil in exchange for imports. Nigeria, according to US Embassy reporting, has agreed to swap \$1 billion worth of crude oil for Brazilian agricultural goods, automotive parts, and aircraft.

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**Table 2**  
**Key Debtor LDCs: Foreign Exchange Holdings, 1979-83**

Million US \$  
Yearend

	1979	1980	1981	1982	1983
<b>Total</b>	<b>53,077</b>	<b>56,375</b>	<b>46,793</b>	<b>32,944</b>	<b>34,569</b>
Argentina	8,856	6,055	2,586	2,406	1,172
Brazil	8,341	5,040	5,889	3,641	4,356
Chile	1,860	3,037	3,120	1,717	2,031
Colombia	3,651	4,575	4,485	3,489	1,429
Ecuador	685	960	570	304	632
Indonesia	3,793	5,011	4,521	2,592	3,638
Malaysia	3,710	4,113	3,816	3,509	3,510
Mexico	1,870	2,688	3,710	828	3,795
Morocco	537	398	228	217	106
Nigeria	5,015	9,591	3,099	1,567	963
Peru	1,413	1,966	1,198	1,315	1,989
Philippines	2,215	2,845	2,198	1,717	785
South Korea	2,909	2,911	2,619	2,743	2,230
Thailand	1,794	1,552	1,672	1,513	1,561
Venezuela	6,428	5,633	7,082	5,386	6,372

Although LDCs have, for the most part, provided basic commodities in countertrade deals, they are starting to push nontraditional exports. In a recently signed agreement, for example, Brazil offered refrigerators and Volkswagen cars to Algeria for petroleum. In our judgment, future countertrade deals are likely to involve increasing amounts of nontraditional exports as LDCs use countertrade to foster their industrial development. [ ]

#### **Forces Behind Recent Growth**

The *financial problems of the LDCs* are generally considered to be the key force behind the recent growth in countertrade. Many of the developing countries have been strapped for hard currency to pay for needed imports. Cutbacks in trade financing have compounded their difficulty in securing imports. Faced with severe foreign exchange constraints, LDCs have been forced to sharply curtail foreign purchases and have sought ways to boost exports. Countertrade is viewed by many LDCs as a way of increasing their access to new, particularly Western, markets while at the same time maintaining imports. [ ]

The LDCs also see countertrade as *a way of diversifying their exports*—specifically, a way of increasing their sales of manufactures. By tapping the marketing expertise and sales networks of Western firms, the LDCs can benefit from skills and services they themselves lack, such as packaging, advertising, credit, and follow-on service. LDCs frequently require proof of “additionality”—that the firm, in effect, is opening up a new market or increasing the LDC’s market share at the expense of competitors, rather than simply undercutting the LDC’s own cash sales. For example, according to press reports, Ecuador now permits bananas to be used in countertrade deals only if they are destined for new markets. With the exception of bananas, Ecuador requires that nontraditional goods be used in countertrade and restricts the resale of these goods to third countries. [ ]

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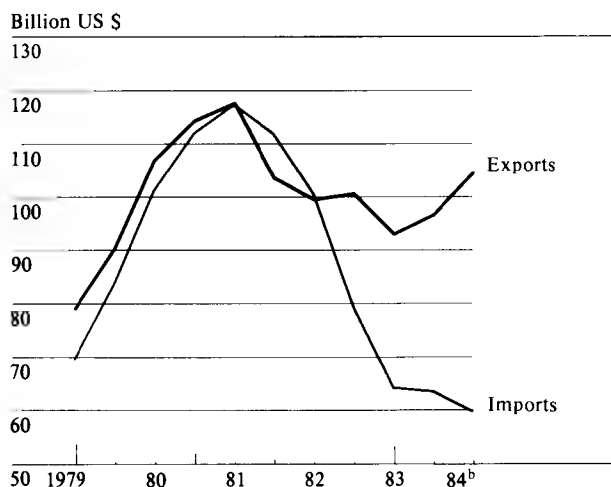
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**Figure 2**  
**Key Debtor LDCs: Trade Trends, 1979-84<sup>a</sup>**



<sup>a</sup> Semi-annual data seasonally adjusted at annual rates.

<sup>b</sup> Projected.

The nature of countertrade enables LDCs in many instances to *disguise export discounts*. Although counterpurchase contracts specify dollar values, the prices can be arbitrary. For example, if a country agrees to sell tin at the world price, but in the separate contract for an imported good pays 20 percent over what it would ordinarily have to pay, it has effectively discounted the tin by 20 percent. By concealing price cutting, LDCs believe they can offer some buyers lower prices and thus increase sales without upsetting other customers or traditional markets. Burying the price discount of an export in an inflated import price also provides LDCs an opportunity to unload surplus goods at an implicit price below international agreement prices for commodities such as coffee, tin, rubber, and oil. Perhaps more important, the ability to disguise price cutting enables LDCs to engage in dumping of surplus export stocks on developed country markets without providing clear evidence for antidumping measures.

Domestically, disguised discounting can have political advantages. Discounting exports by padding the import price has a similar effect to that of direct export subsidies or of a devaluation. Unlike subsidies, however, which show up as a direct cost in the budget (and draw the attention of the IMF and GATT), the costs in a countertrade deal are hidden. Further, by establishing an individual rate of exchange between the exported and imported goods, countertrade can serve as a type of "selective devaluation" in countries where a devaluation would meet strong political resistance.

In many developing countries, firms have resorted to countertrade to get around import and foreign exchange restrictions. In some cases, LDC firms have been able to circumvent import controls by demonstrating that imports are self-financing. In Mexico, for example, firms obtaining government approval for a countertrade transaction are able to import goods for which they might otherwise not have been able to get import licenses or foreign exchange. In other cases, Western firms, unable to get import licenses for their LDC subsidiaries, have accepted local products as payment for imports needed to keep their companies operating. General Motors, for example, accepted countertrade goods in order to finance car parts needed by its African subsidiary, according to the financial press.

Countertrade is also more common in LDCs where there is traditional government interventionism. A recent GATT study points out that officials often believe countertrade *provides more stability and facilitates planning*. In addition to providing governments with greater control over trade flows, countertrade is viewed as a way to reduce trade deficits by balancing trade on a transaction-by-transaction basis just as a related mechanism, clearing account agreements, balances trade on a country-by-country basis. Further, large countertrade agreements are viewed as a means to improve ties with other countries and promote regional integration. Embassy reporting frequently cites the use of countertrade to foster increased regional trade, particularly within Latin American trade associations.

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**LDC Countertrade Policies**

*LDC government policies on countertrade vary widely. Only a few LDCs actually mandate countertrade—in most cases only for government contracts or certain products. While some developing countries have official guidelines, most of them sanction, encourage, or require countertrade on an ad hoc basis.*

*In the Far East, Indonesia began requiring countertrade for public-sector foreign purchases in 1982. Malaysia began encouraging countertrade on a voluntary basis in late 1983. According to Philippine officials, the Philippines considered countertrade regulations, but opposition by the Central Bank has ruled out its adoption.*

*In Latin America, Costa Rica, Ecuador, and Mexico have laws or guidelines governing but not requiring countertrade. Colombia recently announced that certain "nonessential" goods can be imported only if goods of equal value are exported. According to press reports, Bolivia, Ecuador, Peru, and Venezuela have asked the consultant who helped draft Colombia's regulations to assist their trade ministries in formulating countertrade policies. The press reports that Argentina has been drafting countertrade requirements for several months. Brazil has been active in countertrade—particularly involving oil imports—but as yet has no formal requirements.*

*According to a recent private survey, five of nine African countries examined were introducing countertrade regulations.*

publicized are actually completed. Even with a successful countertrade deal, the LDC's trading partner frequently accepts goods it ultimately does not want and thus has to resell the goods, adding further costs. According to a survey of US firms, 72 percent of the goods obtained in countertrade deals had to be sold to someone else. Additional costs are incurred in paying commissions to trading houses, banks, and other firms providing countertrade services. The same survey indicated that, in most cases, part or all of these transaction costs are passed on to the LDC by way of a higher price for the goods being purchased.

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Reliance on countertrade may reduce the amount of foreign exchange available to an LDC. The restrictive and time-consuming nature of countertrade reduces the number of possible transactions in a given time period, while the LDC implicitly pays more for its imports and receives less for its exports than it would under conventional trade. Although some new markets may be opened through countertrade, we believe the products often merely replace traditional cash exports. This is particularly true for primary commodities since they are fungible and can be easily rerouted to any market.

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Moreover, while in the short run countertrade may aid LDCs in promoting nontraditional exports, there are longer run costs involved. Dependence on the marketing skills of Western firms may prevent LDCs from developing their own. Countertrade isolates the LDC from market feedback that might encourage it to produce more desirable, salable goods. In some cases direct purchase of Western marketing services may be less costly than those obtained through a countertrade deal.

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**Economic Costs**

A major drawback of countertrade is that it is inherently inefficient. The costs of negotiating and executing countertrade agreements are much higher than for standard trade agreements because they can be extremely complex and normally involve additional middlemen and paperwork. Moreover, costs are frequently incurred in negotiating deals that never pan out. According to a countertrade specialist, only a small fraction of the deals that are discussed or

**Outlook and Implications**

Despite the recent growth in the LDCs' countertrade, it still accounts for a small fraction of their total trade. The extent of future growth will depend largely on whether the developing countries perceive the actual economic costs and benefits of countertrade.

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*Indonesia: A Test Case for Countertrade?*

*In January 1982 the Government of Indonesia implemented a law requiring any foreign company selling goods to the public sector to import Indonesian nonpetroleum goods of an equal value. The new law came after rising import demand and falling exports led to a deterioration in Indonesia's current account. The requirement was billed as an export promotion device and a response to protectionism in the industrialized countries. With billions of dollars worth of major public-sector projects in Indonesia, Western firms considered it to be a lucrative and worthwhile market.* [redacted]

*Indonesia's countertrade requirements are quite strict and include the following provisions:*

- *Proof of additionality: exports are required to be over and above historical sales to that company or country, and resale of exported goods to third parties is prohibited.*
- *Exports must be chosen from a list of 30 Indonesian nonoil goods (although oil initially continued to be used in several cases).*
- *50-percent nonperformance penalty: companies are fined half of the value of the contract if they fail to comply.* [redacted]

*The program, which the Indonesian Government had hoped would generate \$2.5-4.5 billion per year in exports, does not appear to have been a success. According to the financial press, in the two and a half years the program has been in place, only \$765 million in contracts have been signed, of which only 20 to 30 percent have actually been completed. This is partly due to the fact that Indonesia has been flexible in implementing the program and has allowed a number of exemptions. There was a further slowdown in the signing of contracts in mid-1983 when the government delayed or canceled a number of major projects. Indonesia's nonoil exports have recovered somewhat, although this may be due mainly to the recovery in OECD import demand. Firms report difficulty in securing delivery of large amounts of Indonesian goods and proving additionality. In spite of the poor results of the program, according to press reporting, other ASEAN countries producing similar goods fear that they may be losing export sales because of Indonesia's countertrade policy. Malaysia has countered with a "voluntary" countertrade program, and the Philippines have been studying the Indonesian system.* [redacted]

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There are already signs that those with countertrade experience are disenchanted:

- Embassy sources in *Malaysia* report that, despite the personal interest of the Prime Minister, there is considerable criticism of countertrade within the bureaucracy and a general feeling that valuable resources are being expended to accomplish very little.
- After being one of the first LDCs to introduce legislation allowing countertrade, *Ecuador* this year moved to restrict deals involving its traditional cash products. The Embassy reports that most deals were falling through anyway as firms decided such complicated transactions were not worth the trouble in so small a market.
- In *Uruguay* the US Embassy reports that the Minister of Economy and Finance deplored the trend toward barter, commenting that the most recent deal with Iran involved a mission of 25 persons to Tehran for transactions that formerly could have been done by telex.
- In a dramatic policy change, *Indonesia*, according to US Embassy reporting, will no longer sell oil as part of countertrade packages, thus eliminating a mechanism under which crude oil was covertly discounted.
- *Zimbabwe*, frustrated by countertrade deals with Eastern Europe, has asked the Bulgarians to increase trade on a cash basis. [redacted]

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The current recovery in the OECD import demand—in particular the sharp rise in US imports from the Third World—may ease foreign exchange pressures on LDCs, but several factors could still prolong the growth of countertrade:

- A continued shortage of trade financing for LDCs.
- The widespread attention in the press and exaggerated claims of countertrade's share of world trade.
- The establishment of bureaucratic regulations and agencies to deal with countertrade.
- The significant investments made by Western banks and firms to establish divisions or new companies that specialize in countertrade.

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Many Western businessmen, according to interviews, believe that the debt problems responsible for the expansion of countertrade will continue for some time, that countertrade will become an institutionalized method of trading, and that countertrade—although not good for the world economy—is simply another cost of competing for sales abroad. Beset by slumping foreign sales, they have been more than willing to accommodate LDC requests for countertrade and now often even initiate countertrade offers in the hope of clinching more sales for them.

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In our judgment, countertrade warrants continued monitoring because of the danger that it could become a structural form of LDC trade as it is in the Soviet Bloc. If so, the use of a costly practice such as countertrade will make LDCs worse off economically in the long run since LDCs implicitly require more exports to pay for a given level of imports in a countertrade deal than they would through conventional trade. In addition, the bilateral nature of countertrade poses a threat to the multilateral free trade system. The hidden subsidy element of countertrade will have an overall negative effect on world trade; subsidies, in general, distort trade flows since products are not traded on the basis of comparative advantage. Moreover, countertrade deals could foster even greater government involvement in international trade. Success in imposing countertrade on Western firms, in particular, could encourage LDCs to introduce other requirements on companies that want to sell to them or invest in their country. Further, US firms could lose market shares to more experienced countertraders in Western Europe and Japan.

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Data Limitations and  
Estimation Methodology**

In our judgment, reports circulated in the financial press that countertrade now comprises between 20 and 40 percent of world trade (in the range of \$500 billion) and will reach 50 percent by the end of this decade greatly overstate countertrade's current size. The true extent of countertrade is very difficult to determine because of the lack of data. It shows up in customs figures as a normal trade transaction. Countertrade usually involves separate contracts between the buyer and seller, and the parties usually consider this information to be proprietary. Large agreements are generally reported in the press, and, although this anecdotal information can sometimes be useful, it is impossible to determine when, or even whether, the agreements are actually fulfilled. As a result, summing the stated value of these deals provides no real indication of the level or growth of countertrade. A major trading company claims only 2 percent of such deals it examines actually are completed. 25X1

West since oil payments almost always are made in hard currency. Finally, given the lack of even anecdotal instances of countertrade between developed countries, the OECD estimates it to be 2 percent or less of their trade. By applying these percentages to the value of each region's trade and summing we arrive at a maximum plausible countertrade figure of less than \$100 billion, about 5 to 6 percent of world trade last year. 25X1

Our confidence in this estimate of countertrade's maximum share of world trade is bolstered by several factors. A recent survey of US firms indicated that 4 percent of all the reporting firms' exports, and 8 percent of the major exporting companies' sales, involved countertrade. Further, the British Department of Trade and Industry estimates that countertrade affects less than 5 percent of Britain's trade. 25X1 25X1

Despite a lack of hard data, the OECD and GATT estimate that countertrade probably accounts for a maximum of 5 to 8 percent of world trade, respectively. East-West countertrade has been studied fairly carefully by the OECD and other organizations. Most estimates indicate that countertrade comprises around 15 percent of East-West trade. The OECD believes that countertrade accounts for as much as 30 percent of LDC trade with the Soviet Bloc, and 5 percent of the trade between the industrial countries and the nonoil LDCs. Based on anecdotal information and interviews with traders, we estimate that countertrade accounts for at most one out of every five transactions between LDCs. Despite a few well-publicized deals such as the Saudi oil-for-aircraft agreement, it is doubtful that a substantial amount of countertrade takes place between the oil-exporting LDCs and the

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**Table 3**  
**Countertrade: Maximum Estimated Share of World Trade, 1983**

	Imports			
	Industrial Countries	LDCs	Soviet Bloc	Total
<b>Industrial countries</b>				
Exports ( <i>billion US \$</i> )	780.0	303.0	32.0	1,115.0
Countertrade ( <i>billion US \$</i> )	15.6	12.1	4.8	32.5
Countertrade ( <i>percent</i> )	2.0	4.0	15.0	2.9
<b>LDCs</b>				
Exports ( <i>billion US \$</i> )	305.0	162.0	23.0	490.0
Countertrade ( <i>billion US \$</i> )	12.2	32.4	6.9	51.5
Countertrade ( <i>percent</i> )	4.0	20.0	30.0	10.5
<b>Soviet Bloc</b>				
Exports ( <i>billion US \$</i> )	31.0	20.0	NA	51.0
Countertrade ( <i>billion US \$</i> )	4.7	6.0	NA	10.7
Countertrade ( <i>percent</i> )	15.2	30.0	NA	21.0
<b>All countries</b>				
Exports ( <i>billion US \$</i> )	1,116.0	485.0	55.0	1,656.0
Countertrade ( <i>billion US \$</i> )	32.5	50.5	11.7	94.7
Countertrade ( <i>percent</i> )	2.9	10.4	21.3	5.7

Source: OECD, GATT estimates, IMF direction of trade.

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